

2.A OASDI: Benefit Computation & Automatic Adjustments

Table 2.A11.—Formulas for computing PIA from AIME, increases in PIA based on cost-of-living adjustments, and minimum PIA, for workers who were first eligible (attained age 62, became disabled, or died) in 1979 or later

Act	Year of first eligibility	Percent of AIME applicable to PIA			First applicable cost-of-living adjustment		Minimum PIA based on indexed earnings
		90 percent of first—	Plus 32 percent of next—	Plus 15 percent above—	Effective for—	Percent increase	
1977 ¹	1979	\$180	\$905	\$1,085	June 1979	9.9	³ \$122
	1980	194	977	1,171	1980	14.3	³ 122
1981ab ⁴	1981	211	1,063	1,274	1981	11.2	³ 122
	1982	230	1,158	1,388	1982	7.4	(4)
1983 ⁵	1983	254	1,274	1,528	Dec. 1983	3.5	(4)
	1984	267	1,345	1,612	1984	3.5	(4)
	1985	280	1,411	1,691	1985	3.1	(4)
	1986	297	1,493	1,790	1986	1.3	(4)
	1987	310	1,556	1,866	1987	4.2	(4)
	1988	319	1,603	1,922	1988	4.0	(4)
	1989	339	1,705	2,044	1989	4.7	(4)
	1990	356	1,789	2,145	1990	5.4	(4)
	1991	370	1,860	2,230	1991	3.7	(4)
	1992	387	1,946	2,333	1992	3.0	(4)
	1993	401	2,019	2,420	1993	2.6	(4)
	1994	422	2,123	2,545	1994	2.8	(4)
	1995	426	2,141	2,567	1995	2.6	(4)
	1996	437	2,198	2,635	1996	2.9	(4)
	1997	455	2,286	2,741	1997	2.1	(4)
	1998	477	2,398	2,875	1998	1.3	(4)
	1999	505	2,538	3,043	1999	...	(4)

¹ The 1977 amendments provided for annual automatic adjustments of bend points (AIME brackets) in benefit formula in proportion to increases in average wage level. As a result, separate formulas are applicable to workers who were first eligible (attained age 62, became disabled, or died) in successive calendar years. The legislation also "froze" the minimum PIA at \$122.

² For workers who attained age 62 in the 1979-83 period, PIA cannot be less than that derived from PIA table in effect in December 1978 (approximated by PIA formula in table 2.A16) based on provisions in effect before 1979 but excluding earnings after year aged 61 in computations of AMW, and including any general benefit increase after year aged 61.

³ Not subject to automatic adjustments until earlier of year of attainment of age 65 or year of first receipt of benefits.

⁴ Minimum PIA eliminated by 1981ab legislation for workers who attain age 62 or die after 1981 (after 1991 for members of certain religious orders). 1981a legislation would have eliminated the minimum PIA effective March 1982 for workers who attained age 62 before November 1981 or who died (before attaining age 62) before March 1982; for all others, the minimum would have been eliminated effective November 1981. This legislation was superseded by 1981b legislation that restored the minimum PIA for workers who attained age 62 or died (before attaining age 62) before 1982.

⁵ The windfall elimination provision (WEP) in the 1983 amendments introduced a modified formula applicable to workers first eligible after 1985 who in addition first became eligible for a monthly periodic payment after 1985 based on noncovered employment. Under this formula the 90% factor applicable to the first AIME bracket is reduced to:

Factor	Workers first eligible in:
80%	1986
70%	1987
60%	1988
50%	1989
40%	1990 or later

The WEP does not apply to persons who were Federal or nonprofit employees on Jan. 1, 1984, and became covered by Social Security on that date; to persons

with Railroad Retirement pensions; or to workers with 30 years of Social Security coverage. For the definition of a year of coverage see table 2.A12, except that the change in the definition of a year of coverage under the 1990 amendments did not apply to the WEP. Accordingly, the earnings required for a year of coverage after 1990 for purposes of the WEP are \$9,900 for 1991; \$10,350 for 1992; \$10,725 for 1993; \$11,250 for 1994; \$11,325 for 1995; \$11,625 for 1996; \$12,150 for 1997; \$12,675 for 1998 and \$13,425 for 1999. For workers with more than 20 years but less than 30 years of coverage, the factor applicable to the first AIME bracket in the formula is increased (but not decreased) to:

(1) For benefits payable for months after 1988 (based on 1988 legislation)—

Factor	Years of coverage
85%	29
80%	28
75%	27
70%	26
65%	25
60%	24
55%	23
50%	22
45%	21

(2) For benefits payable for months before January 1989—

Factor	Years of coverage
80%	29
70%	28
70%	27
60%	26

Reduction in PIA (from 90% to the applicable lower percentage of the first AIME bracket) will not be greater than one-half of the periodic payment based on noncovered employment performed after 1956.